

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6962

BILL NUMBER: SB 425

NOTE PREPARED: Jan 29, 2004

BILL AMENDED:

SUBJECT: Muscatatuck Retiree Insurance.

FIRST AUTHOR: Sen. Nugent

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides for state employee group health insurance program eligibility for certain individuals who retired from Muscatatuck State Developmental Center under the state's retirement incentive program.

Effective Date: Upon passage.

Explanation of State Expenditures: The proposal will likely have little to no impact on state expenditures. State expenditures would only be affected to the extent that the proposal allows a relatively older, more costly population into the risk pool for all state employees. However, fewer than ten people are expected to be affected by the proposal.

Assuming that older people incur more medical expenses than younger ones, the risk pool could incur more costs. If the additional costs are sufficient to increase costs to the entire risk pool, the health care insurance costs could increase for the state and/or for state employees. The impact would depend on the health care costs for eligible individuals who retired from Muscatatuck State Development Center and who elected to participate in the state employee group health insurance program. The retirees would be responsible for paying both the state-paid portion of the health insurance premium (which for 2004 is \$385 for family coverage and \$140 for single) plus the employee's portion (which ranged from \$25.32 to \$144.22 for family coverage and \$6.54 to \$69.79 for single).

Individuals qualify if they were employed by Muscatatuck State Developmental Center on November 1, 2002; retired under the state's retirement incentive program that was effective November 1, 2002, and ended June 14, 2003; met the years of service years of participation requirements if one year of additional service credit is added to the individual's total years of service for every five years of creditable state service; and prorated

months of additional service credit are added to the individual's total years of service for any additional years of creditable state service. Individuals must apply for participation in the group health insurance program before December 31, 2005.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Personnel; Family and Social Services Administration.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Bernadette Bartlett, 317-232-9586.